

FISCAL YEAR 2024-FISCAL OUTLOOK Planning Commission Briefing

City of Baltimore

Department of Finance-Bureau of the Budget & Management Research

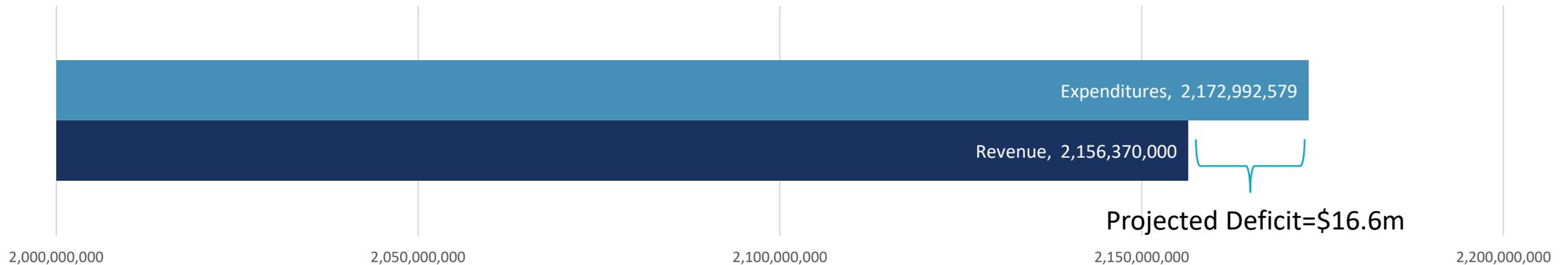
January 5th, 2023



FISCAL YEAR 2024-
PRELIMINARY FINANCIAL OUTLOOK

FY2024: AT A GLANCE

	FY23 Adopted	FY24 CLS
Total Revenue	\$2,147,400,000	\$2,156,370,000
Expenditures	2,056,204,000	2,128,414,579
PAYGO Capital	75,500,000	44,578,000
Total Expenditures	\$ 2,131,704,000	\$2,172,992,579
Surplus/Deficit		-\$16,622,579



Property Taxes
 +2.2%

Transfer & Recordation
 +10.3%

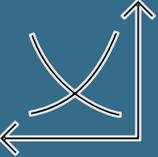
Income
 +4.5%

HUR
 +14.5%

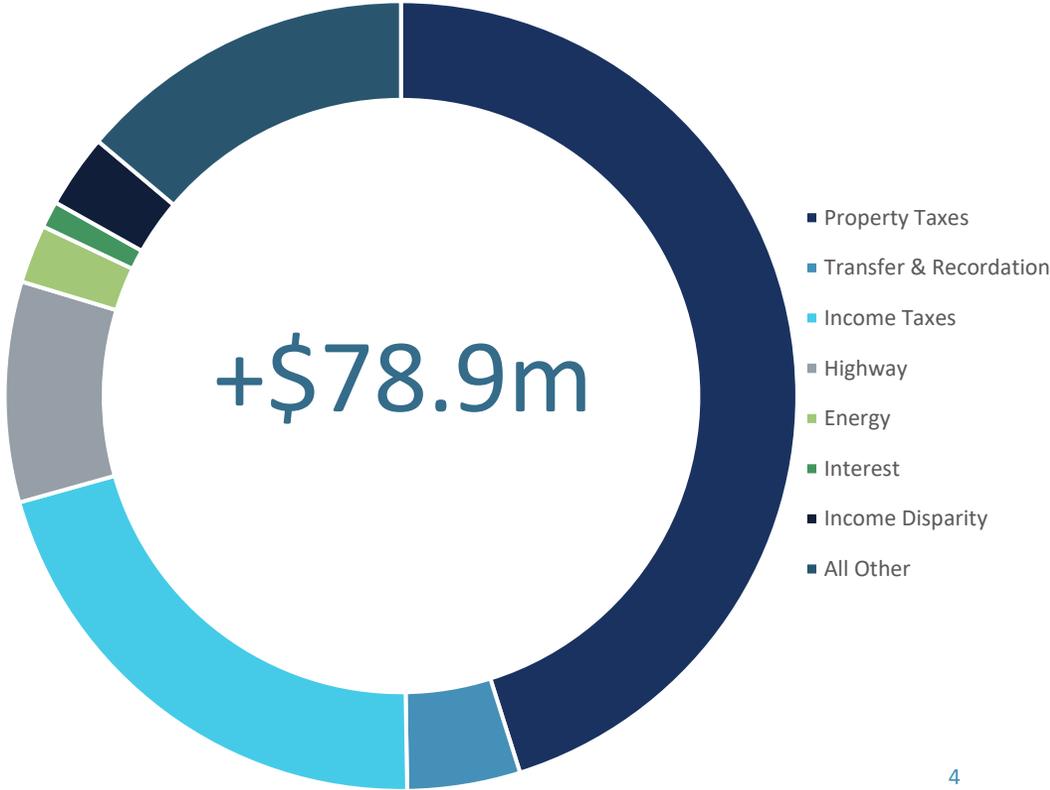
Energy
 +11.3%

Interest Earnings
 +>100%

Income Disparity
 -14.9%

All Other
 -1.4%

PROJECTED GENERAL FUND REVENUE
 FY 2024 CLS





Property Taxes
+2.2%

Assumptions

- Group 2 (central geographical area of the City) will be reassessed in FY 2024
- Properties in Group 2 are anticipated to experience a 6% average increase in assessment
- Overall assessments projected to increase by 3.8%, driven by the sustained growth in value of residential properties
- The anticipated growth in Property taxes will be partially offset by the \$9.7 million increase in tax credits' cost

PROJECTED GENERAL FUND REVENUE FY 2024 CLS

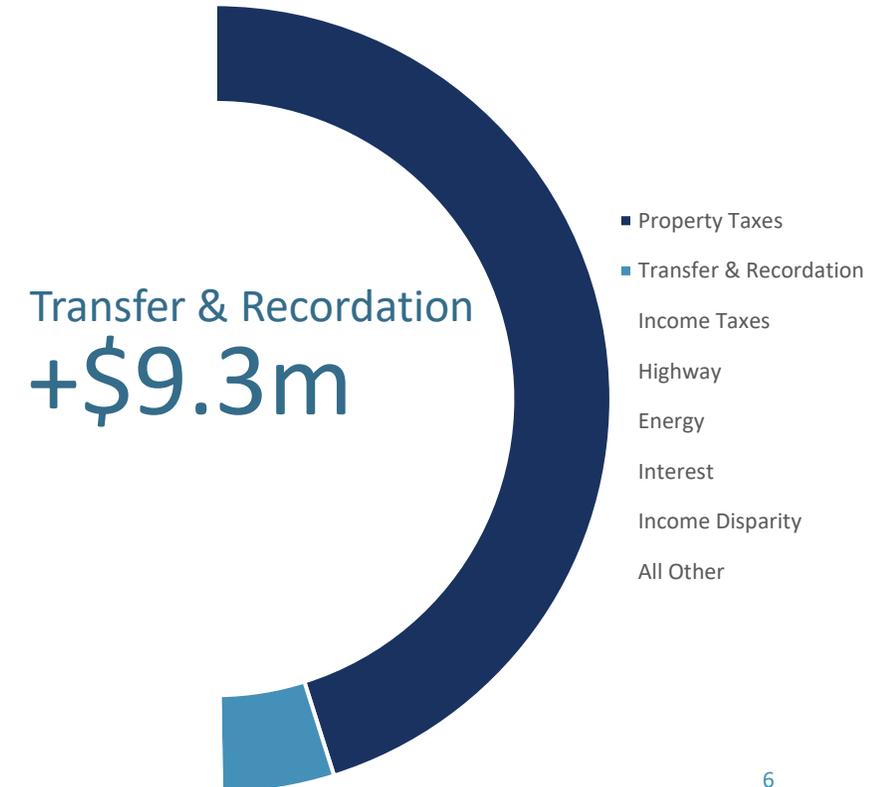


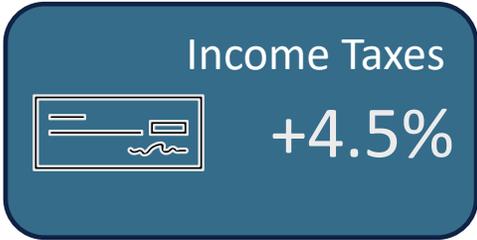


Assumptions

- Economic indicators predict home sales will slow in 2023 and begin to rebound in during FY 2024
- FY 2023 1st Quarter data includes lag payments from sales that took place in FY 2022
- FY 2024 projections assume pre-COVID levels of transactions
- The FY 2024 projection also assumes continued increase in prices, but at a slower growth rate than recent years

PROJECTED GENERAL FUND REVENUE FY 2024 CLS

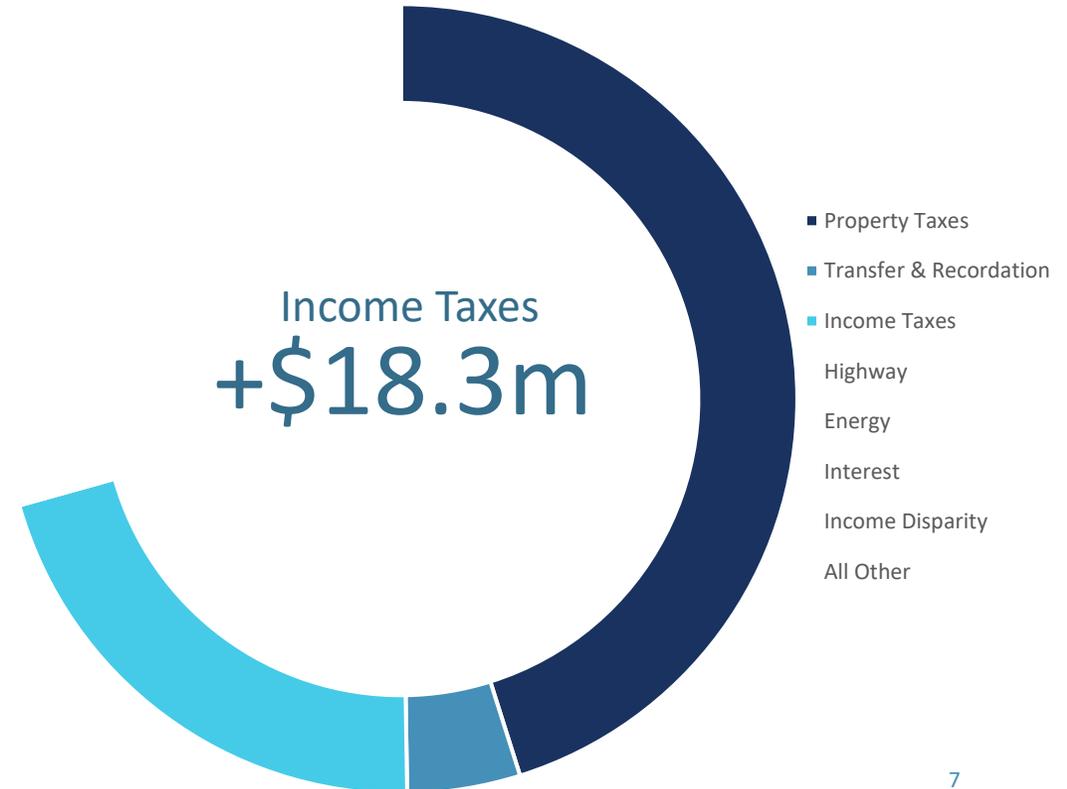




Assumptions

- The FY 24 projection assumes Income tax receipts growing by 2.1%, equivalent to 50% of the anticipated State's growth
- The projection assumes that the State will experience continued increase in the overall taxable income, but the growth rate is anticipated to decline from 7.1% in FY 23 to 4.2% in FY 24

PROJECTED GENERAL FUND REVENUE FY 2024 CLS

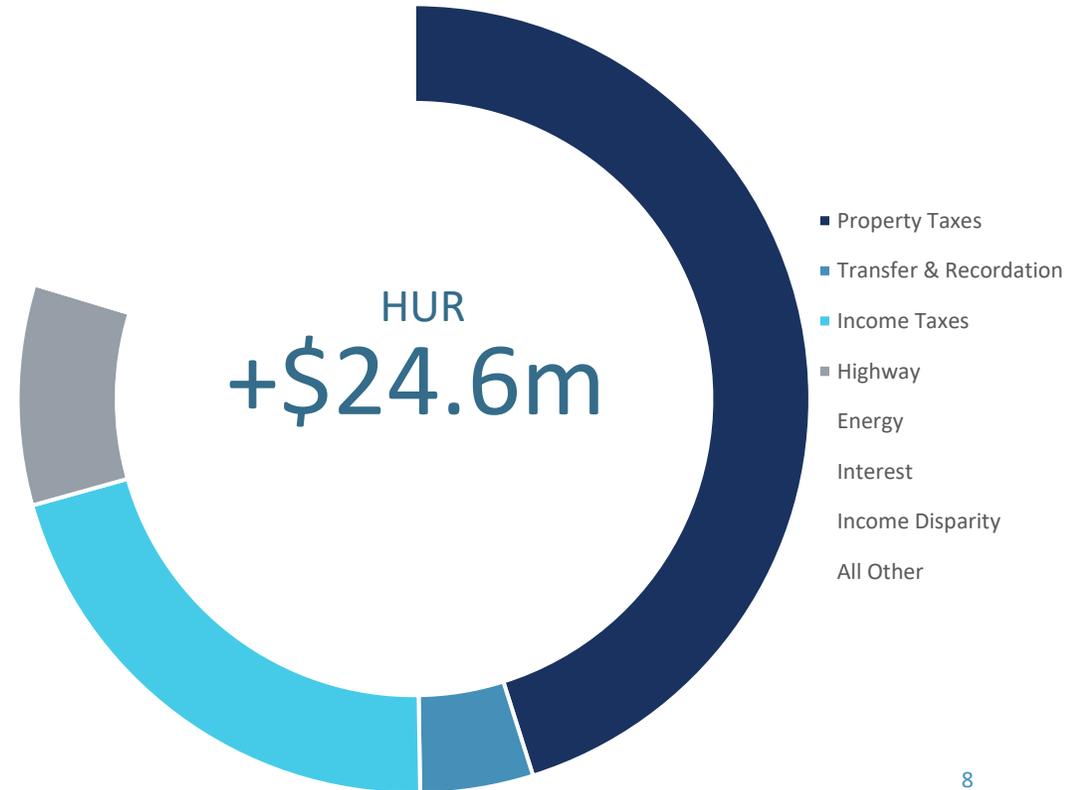




Assumptions

- State General Assembly passed legislation during the 2022 session increasing local HUR allocations
- Projection assumes factors impacting HUR are constant in FY 24
- The City's share of HUR is anticipated to increase from 7.7% in FY 23 to 9.5% in FY 24
- Increase will be used to increase PAYGO capital for HUR eligible projects

PROJECTED GENERAL FUND REVENUE
FY 2024 CLS

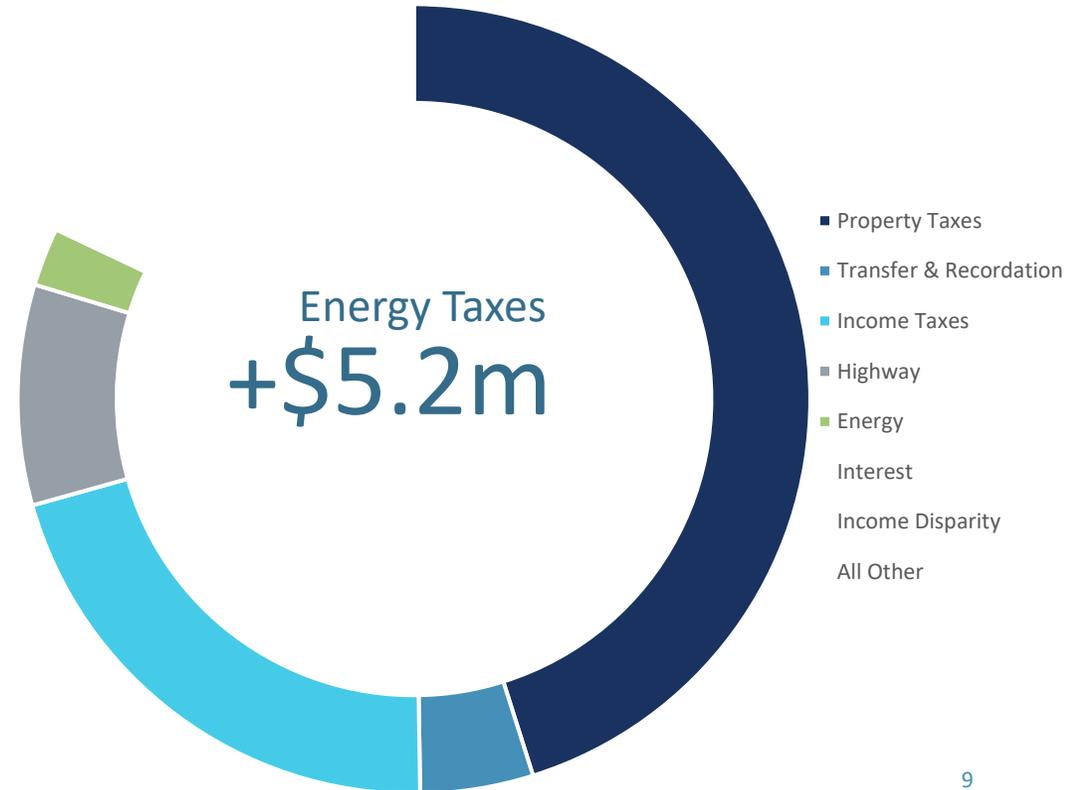




Assumptions

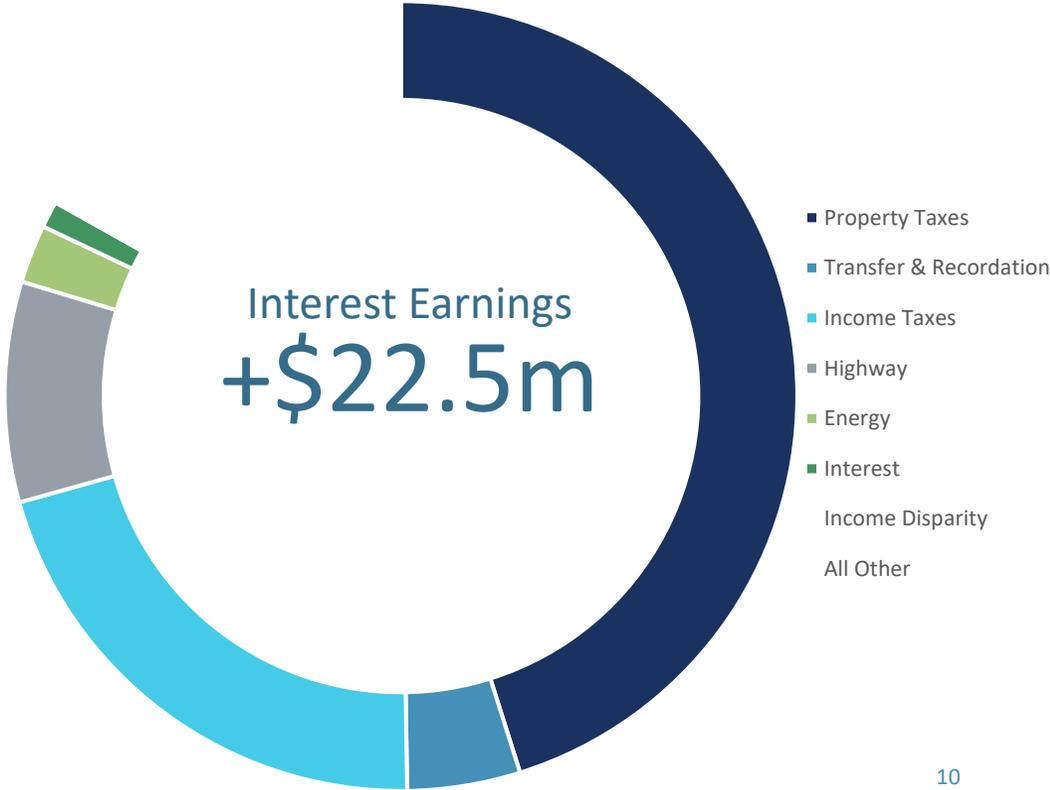
- The FY 24 projection reflects the anticipated 9.8% increase in the tax rates due to inflation
- The FY 24 projection assumes a 5% decline in energy consumption as the result of increased prices

PROJECTED GENERAL FUND REVENUE
FY 2024 CLS





PROJECTED GENERAL FUND REVENUE
FY 2024 CLS



Assumptions

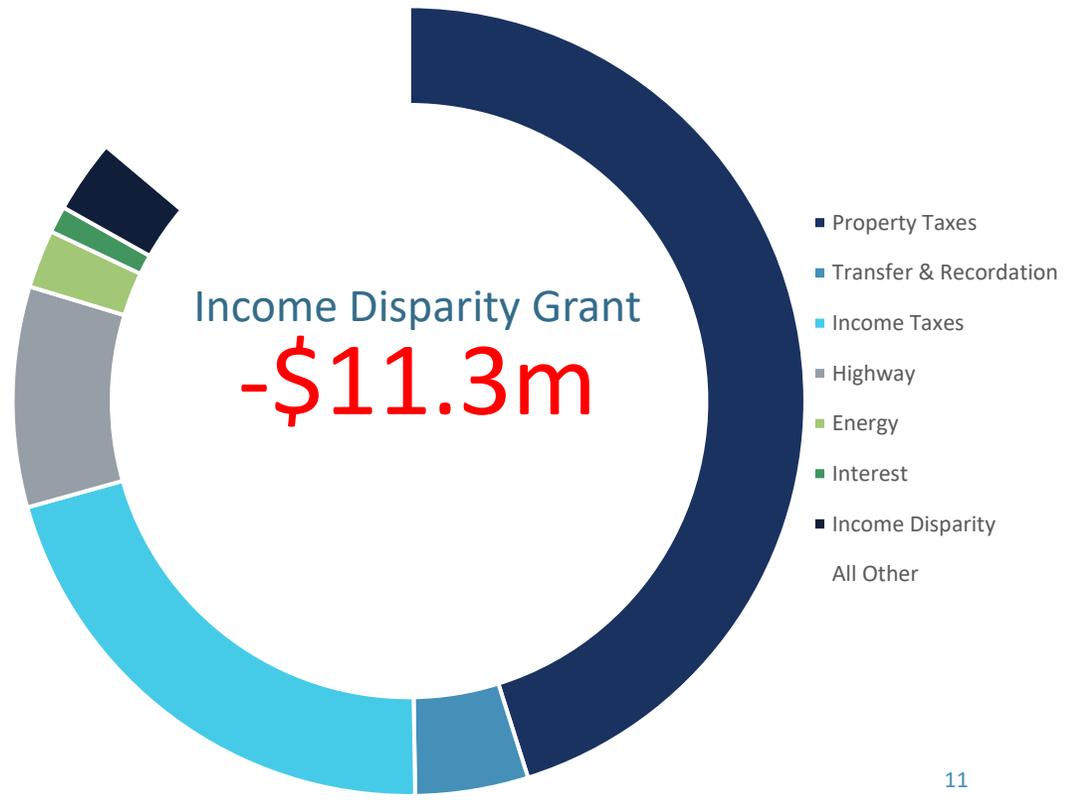
- This revenue represents returns from the City’s short-term investments
- During COVID revenues were low due to historically low interest rates
- Returns projected to grow as Fed Reserve continues strategy to increase interest rates



Assumptions

- The FY 24 projection reflects the reduction of the Disparity Grant as the result of the increase in the City's per-capita income

PROJECTED GENERAL FUND REVENUE
FY 2024 CLS



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Transfer & Recordation
 +10.3%

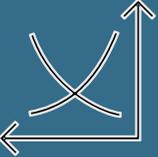
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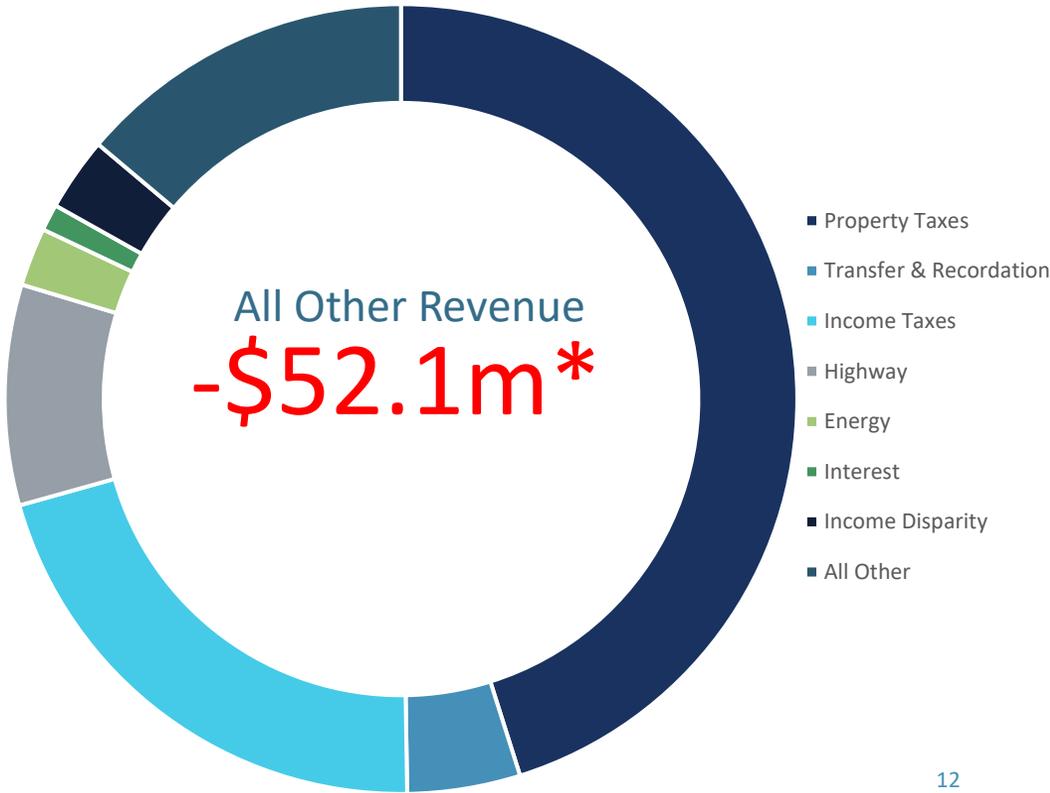
Energy
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Interest Earnings
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PROJECTED GENERAL FUND REVENUE
 FY 2024 CLS



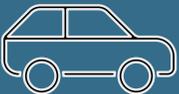
* Includes a \$70 million reduction in Fund Balance from the FY 23 Budget that was used for PAYGO Capital

Salaries
 +3.0%

Pension & Benefits
 +11.0%

General Inflation
 +4-6%

School Costs
 +4.3%

Fleet
 +3.0%

Facilities
 +3.9%

PROJECTED GENERAL FUND EXPENDITURES FY 2024 CLS

FY 2023 Adopted	2,056,204,000
FY 2024 CLS	2,128,414,579

Dollar Change
+72.2m

% Change
+3.5%

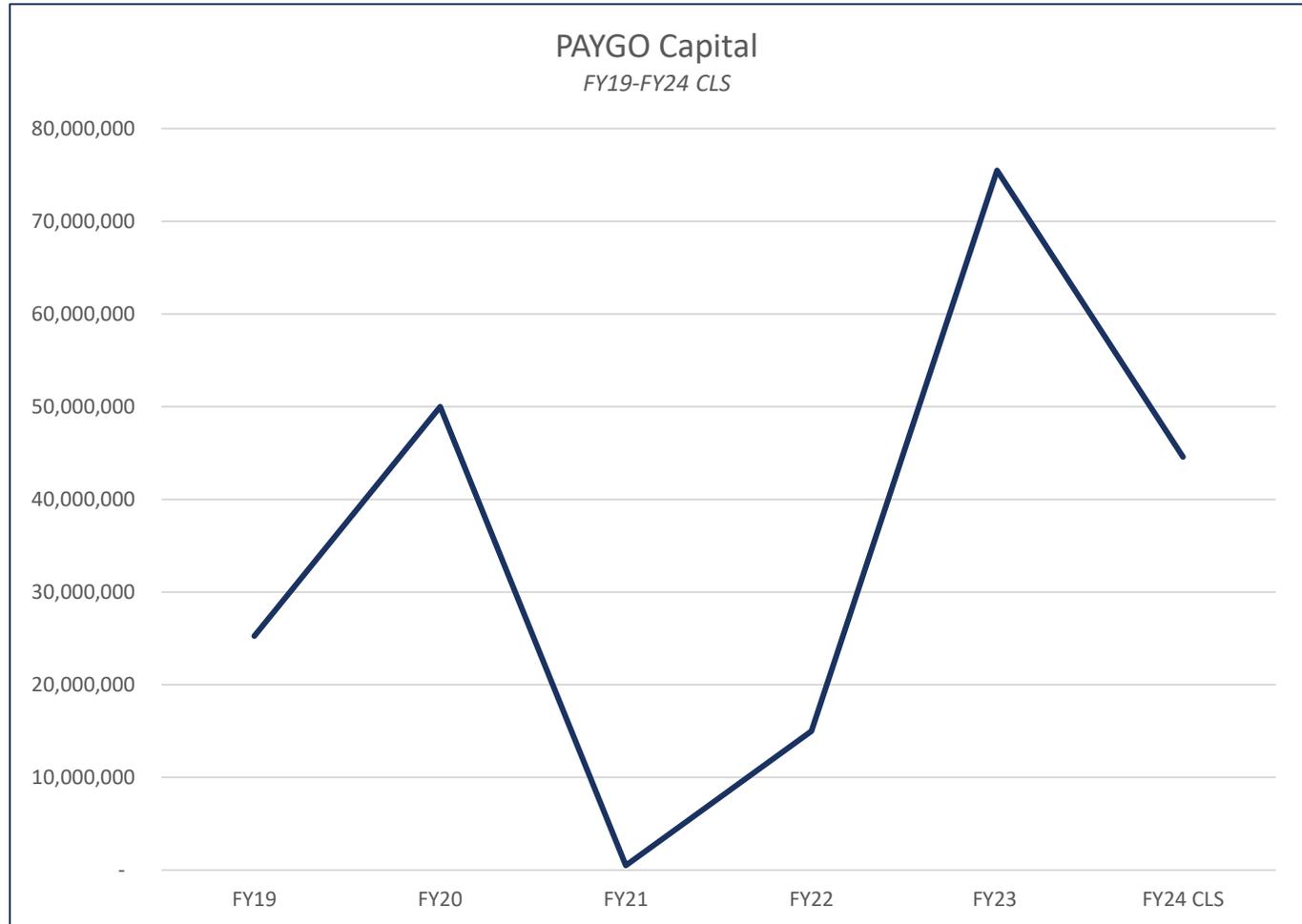
Assumptions

- Salaries: Reflects all agreements and includes a 3% assumption for remaining employees as a starting assumption
- Healthcare: Increase 12% for actives, 10% for retirees
- Pension: No change for sworn, increase 9% for non-sworn
- Building & Fleet: Increase 3%-4% for fleet & facility charges; 45% increase in fuel
- General Inflation: Increase 6.7% for equipment, increase 4% for all others (materials, Risk, professional services, etc.)¹³

PAYGO CAPITAL

FY 2024 Assumption=\$44.5 Million

- Total GF Supported Capital=\$144.5m
 - GO Bonds=\$80.0m
 - PAYGO=\$44.5M (HUR Share=\$24.6m)
- 5-Year Average=\$41.4m
- FY 2023 Budget included one-time funding from unplanned EMS revenue
- PAYGO allocation will continue to be adjusted while finalizing the FY24 Operating Budget





FY 2024: OPERATING BUDGET GUIDANCE

AGENCY BUDGET GUIDANCE

General Fund & Internal Service Services

- Current Level of Service Budgets
- **No reduction or savings scenarios** at this time
 - Subject to Change: Should financial conditions change agencies may have to provide these scenarios later in the planning process

Enhancements

- Enhancement Requests limited by agency size
- Requests Must Meet 1 of the Following Conditions:
 - Advance or accelerate Action Plan strategies
 - Address service delivery demands not met by current staffing levels

Non-General Fund Services

- Submit FY24 operating budgets consistent with planned rates and grant awards for FY2024

Elected Officials

- Current Level of Service Budgets
- Requests for additional funds can be submitted to BBMR via memo

Equity	The proposal demonstrates how it seeks to address a disparity in the community
Resiliency	The proposal demonstrates how the service can adapt to changing conditions in the community
Stewardship	The proposal includes a realistic budget accurately depicting the cost of providing the service at the proposed level
Impact	The proposal demonstrates its ability to maintain or improve service levels within the proposed funding level

Evaluating Budget Proposals

- Results Teams will review Enhancement requests **ONLY**
 - Service proposals will be reviewed by BBMR using same Evaluation Criteria
- These criteria replace the Evaluation Tool previously used by Results Teams
- Goal: Simplify the evaluation process around criteria aligning with the Administration's policy goals
- Budget Instructions includes section referencing how these criteria will be used to evaluate Service Proposals & Enhancement Requests

PROCESS SUMMARY & NEXT STEPS

January-March

- Agencies submitted operating budget requests on December 16th; Requests are currently being evaluated by the Department of Finance and Results Teams
- Budget Recommendations will be presented to the Mayor's Office throughout February
- Preliminary budget documents prepared

April

- Preliminary Budget (Operating and Capital Budgets) introduced to the Board of Estimates
- Board of Estimates holds Budget Hearing and Taxpayers Night

May-June

- City Council holds budget hearings and vote on full budget in June